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Macroeconomic policy questions: external debt crisis and development

Qatar:* draft resolution

External debt crisis and development

The General Assembly,

Recalling its resolution 58/203 of 23 December 2003 on the external debt crisis and development, and recalling also the Monterrey Consensus of the International Conference on Financing for Development,[1] which, in particular, recognizes sustainable debt financing as an important element for mobilizing resources for public and private investment,

Recalling also the United Nations Millennium Declaration[2] adopted on 8 September 2000,

Concerned that the current global recovery has not contributed to significant progress in the poorest countries in attaining the agreed development goals or in solving the external debt problems of developing countries, and noting that the continuing debt and debt-servicing obligations of developing countries, in particular the heavily indebted poor developing countries, constitute an element that adversely affects their sustainable development,

Welcoming the further extension of the sunset clause of the Heavily Indebted Poor Countries Initiative, convinced that the implementation of the Initiative could be enhanced by streamlining conditionalities, in particular by eliminating structural and microconditions, and in this regard emphasizing the need to ensure that debt relief does not replace other sources of financing, and welcoming also the call in the communiqué issued by the joint International Monetary Fund/World Bank

* On behalf of the States Members of the United Nations that are members of the Group of 77 and China.

[1] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

[2] See resolution 55/2.

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Development Committee on 2 October 2004 urging all creditors to participate in the Heavily Indebted Poor Countries Initiative,

1. *Takes note* of the report of the Secretary-General;[3]

2. *Reaffirms* the determination, as expressed in the United Nations Millennium Declaration,[2] to deal comprehensively and effectively with the debt problems of developing countries;

3. *Emphasizes* that all creditors and debtors must share responsibility for preventing and resolving unsustainable debt situations;

4. *Stresses* that debt relief can play a key role in liberating resources that should be directed towards activities consistent with poverty eradication, sustained economic growth and sustainable development and with the achievement of the internationally agreed development goals, including those contained in the Millennium Declaration, and in this regard urges countries to direct those resources freed through debt relief, in particular through debt cancellation and reduction, towards these objectives;

5. *Also stresses* that debt sustainability depends on a confluence of many factors at the international and national levels, underscores that no single indicator should be used to make definitive judgements about debt sustainability, and in this regard emphasizes that country-specific circumstances should be taken into account in debt sustainability analyses;

6. *Reiterates* the call upon developed countries, as expressed in the Millennium Declaration, on developed countries to implement the enhanced programme of debt relief for the heavily indebted poor countries, which requires additional financial resources;

7. *Notes with great concern* that, after reaching the completion point, the beneficiary countries of the Heavily Indebted Poor Countries Initiative have not been able to achieve debt sustainability, and in this regard welcomes recent initiatives to consider a more comprehensive write-off of the official debt of the heavily indebted poor countries and other equally poor countries, including debt owed to multilateral financial institutions;

8. *Recognizes* the continued efforts of the heavily indebted poor countries to improve their domestic policies and economic management, and in this regard calls upon all creditors to encourage those efforts through further participation in the delivery of debt relief so as to ensure adequate and sufficiently concessional financing by international financing institutions and the donor community;

9. *Stresses* the importance of continued flexibility with regard to the eligibility criteria for the enhanced Heavily Indebted Poor Countries Initiative and the need to keep the computational procedures and assumptions underlying debt sustainability analysis under review;

10. *Also stresses* the need for all creditors, including the Paris and London Clubs and other relevant forums, to pursue, where appropriate, debt relief measures vigorously and expeditiously;

[3] A/59/219.

11. *Notes* that the Evian Approach of the Paris Club can contribute to resolving with greater flexibility the debt problems of highly indebted developing countries that are not eligible for debt relief under the Heavily Indebted Poor Countries Initiative, and in this regard calls upon creditor countries to ensure that the debt of such countries is treated in a way that reflects their financial needs and the objective of enhancing long-lasting debt sustainability;

12. *Calls upon* donor countries to continue their efforts to increase bilateral grants to low- and middle-income developing countries, in addition to those which are accounted for by debt forgiveness, in order to ensure that debt sustainability can be attained in the medium to long term without compromising public and private investment and spending for health and education, and in this regard stresses the need to take steps to ensure that resources provided for debt relief do not detract from official development assistance resources;

13. *Emphasizes* the need for more flexibility from the international community in helping post-conflict developing countries, especially those which are heavily indebted and poor, to achieve initial reconstruction for economic and social development;

14. *Also emphasizes* the need for the International Monetary Fund and the World Bank, in their assessment of debt sustainability, to take into account fundamental changes caused, inter alia, by natural disasters, conflicts, changes in global growth prospects or in the terms of trade, especially for commodity-exporting developing countries;

15. *Takes note of* the new debt sustainability framework of the World Bank and the International Monetary Fund, which aims at identifying countries that will be eligible for International Development Association grants, calls for transparency in the computation of the country policy and institutional assessments that form part of the framework, and also calls for an evaluation of its overall implications for low-income countries;

16. *Stresses* the need to find a comprehensive solution for the debt problems of heavily indebted low- and middle-income developing countries that are not eligible for debt relief under the Heavily Indebted Poor Countries Initiative, and in this regard continues to encourage the exploration of innovative mechanisms to comprehensively address the debt problems of those countries;

17. *Also stresses* the need to consider an international debt work-out mechanism, in the appropriate forums, the adoption of which should not preclude emergency financing in times of crisis, to promote fair burden-sharing and minimize moral hazard, which will engage debtors and creditors to come together to restructure unsustainable debts in a timely and efficient manner;

18. *Calls upon* the international community to support capacity-building in developing countries for the management of financial assets and liabilities in order to enhance debt-financing policies as an integral part of national development strategies;

19. *Also calls upon* the international community, including the United Nations system, and invites the Bretton Woods institutions as well as the private sector to take appropriate measures and actions for the implementation of the commitments, agreements and decisions of the major United Nations conferences

and summits, in particular those relating to the question of the external debt problem of developing countries;

20. *Welcomes* the initiative of the United Nations Conference on Trade and Development, the International Monetary Fund and the World Bank, in cooperation with the regional commissions, development banks and funds and other multilateral institutions, to create a consultative group on external debt management aimed at facilitating cooperation and coordination among providers of technical assistance in debt management;

21. *Requests* the Secretary-General to submit to the General Assembly at its sixtieth session a report on the implementation of the present resolution and to include in that report a comprehensive and substantive analysis of the external debt and debt-servicing problems of developing countries;

22. *Decides* to include in the provisional agenda of its sixtieth session, under the item entitled "Macroeconomic policy questions", the sub-item entitled "External debt crisis and development".